

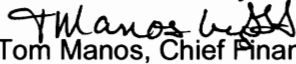


Maricopa County

Department of Finance

Tom Manos

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Date: April 10, 2008
To: David Smith, County Manager
From: 
Tom Manos, Chief Financial Officer
Subject: FY 07-08 Variance Report – March 2008

Attached is the financial activity through March 31, 2008 showing the budget versus actual comparisons for the General Fund and Detention Fund. This variance report is presented as an Executive Summary for your review. Comments regarding variances for major revenue and expenditure line items are provided below.

- **Property Tax Revenue YTD variance of (\$4,506,095):** Property Tax YTD revenue for FY 07-08 is 8.63 percent higher than FY 06-07 actuals with a current year negative budget variance of 1.6 percent. This variance is a result of timing issues on the payment of property tax bills and property tax revenues should be on target by fiscal year end.
- **Vehicle License Tax Revenue YTD variance of (\$1,049,059):** The FY 07-08 Vehicle License Tax YTD revenue is .8 percent lower than the FY 06-07 YTD actuals with a current year negative budget variance of 1.0 percent. The FY 07-08 budget was based on the April 2007 Pessimistic forecast from Elliott D. Pollack & Co. (EDP) and assumed zero percent growth over the previous fiscal year. March revenue was 7.4 percent higher than the same month in the prior year. The mid-quarter forecast from EDP is a 1.0 percent decline in the Most Likely scenario and a 2.0 percent decline in the Pessimistic scenario. The latest forecasts are for budget shortfalls of \$2.1 to \$3.5m this fiscal year.
- **Sales Tax Revenue YTD variance of (\$19,428,826):** The FY 07-08 Sales Tax revenue is 2.2 percent lower than the FY 06-07 YTD actuals with a current year negative budget variance of 5.3 percent. The FY 07-08 budget was based on the April 2007 Pessimistic forecast from EDP and assumed 3.0 percent growth over the previous fiscal year. March revenue was actually 7.3 percent less than the same month in the prior year. This trend is expected to continue, and may worsen based on recent reports from local economists. The mid-quarter forecast from EDP was reduced to a 2.0 percent decline in the Most Likely scenario, and a 2.5 percent reduction in growth for the Pessimistic scenario. The latest forecasts are for budget shortfalls of \$26.6 to \$29.1m this fiscal year.
- **Interest Revenue YTD variance of \$13,032,395:** General Fund annualized Interest revenue was budgeted conservatively at \$12m. Interest revenue is recorded quarterly and analysis of the YTD budget and actuals indicates an anticipated fiscal year end positive variance of approximately \$14m.

- **Personnel Services Expenditures YTD variance of \$10,855,684:** Overall, personnel services expenditures are 3.0 percent under budget. While many departments are recording significant savings, a number are over budget, usually due to unattained budgeted personnel savings.
- **Services Expenditures YTD variance of \$29,827,465:** The favorable variance is primarily attributable to savings in Non-Departmental, General Government, and Appropriated Fund Balance, offset by overruns in Contract Counsel. In General Government, the combined favorable variance is due to litigation and consulting expenditures, which do not follow a predictable pattern. In Non-Departmental, the favorable variance is due to a combination of technical and timing issues. In Appropriated Fund Balance, the favorable variance is primarily due to timing of information technology project expenditures. These favorable variances are partially offset due to payments by Public Defense Services (Contract Counsel) for private attorneys for indigent legal representation, see departmental commentary below.
- **Intergovernmental Payments YTD variance of \$3,259,643:** The favorable variance is primarily due to savings in the Arizona Long Term Care System (ALTCS) contribution and delayed payments to non-profit agencies. The ALTCS contribution makes up \$2.5m of the favorable variance. The ALTCS contribution is budgeted at \$156.1m, but the actual contribution is only \$152.8m, a favorable annualized variance of \$3.3m. The final ALTCS amount was not disclosed by the State until after County budget adoption. In addition, \$0.5m of the favorable variance is due to the timing of payments to non-profit agencies, and will not result in savings at fiscal year end.
- **Debt Service YTD variance of \$3,832,675:** The favorable variance is primarily due to delayed starts for lease purchase payments. Debt Service is under budget because the majority of loan obligations for technology purchases concluded July 31, 2007. The County is currently under an extended warranty period. A favorable debt service variance is expected to continue for the remainder of the fiscal year. Loan payments have resumed, but we still expect to maintain a significant favorable variance that will decline through the end of the fiscal year.
- **Capital Outlay Expenditures YTD variance of \$7,496,865:** The favorable variance is primarily due to delayed expenditures for vehicle replacement and major maintenance. It is not expected that these savings will be recurring; as the vehicles scheduled for replacement will eventually be purchased and many major maintenance projects currently in the design phase will progress beyond this phase. The design phase requires much lower expenditures than the construction phase. There will be a significant increase in expenditures as the fiscal year continues.

General Fund Departmental Variances:

Elections - General Fund expenditures are over budget YTD by \$907,829. The variance is the result of increased costs associated with the processing of early ballots and provisional ballots during the FY 07-08 elections. An agenda item was approved on March 26th which authorized a budget increase of \$1.3m. The increase in expenditures is offset by an increase in revenue from the Secretary of State and other sources. It is forecasted that the Elections departments will be under budget in the April report.

Juvenile Probation - General Fund expenditures are over budget YTD by \$272,164 due to unattained personnel savings. The department plans to end the year under budget by transferring savings from the Trial Courts budget per the Presiding Judges authority to transfer appropriations within the Judicial Branch. The Judicial Branch (collectively Trial Courts, Adult Probation and Juvenile Probation) will be within budget at fiscal year end.

Office of Contract Counsel - General Fund expenditures are over budget YTD by \$3,698,337. Negative YTD budget to actual variances associated with contracted Felony Representation cases represent the bulk of the overrun, including variances of (\$886,175) for Capital cases, (\$2.3m) for Class 2 through 6 Felony cases, and (\$385,679) for Adult Appeal cases. Indigent Representation forecasts a General Fund overrun of \$3.9m at fiscal year end. The department is working with OMB on a Corrective Action Plan.

Detention Fund

Revenues

- ***Jail Excise Tax (Sales Taxes) Revenue YTD variance of (\$5,651,050):*** The FY 07-08 budget was based on the April 2007 Pessimistic forecast from EDP and assumed 3.0 percent growth over the previous fiscal year. March revenue was actually 8.5 percent less than the same month in the prior year and YTD revenue was 2.6 percent lower than prior year collections. This trend is expected to continue, and may worsen based on recent reports from local economists. The mid-quarter forecast from EDP was reduced to 2.0 percent decline in the Most Likely scenario, and a 2.5 percent decline in the Pessimistic scenario. The latest forecasts are for budget shortfalls of \$7.3 to \$8.1m this fiscal year.

Expenditures

There are no negative variances in any expenditure category within the Detention Fund.

- ***Personal Services YTD variance of \$3,748,999:*** The favorable variance in personal services is primarily due to the hiring freeze that is currently in place.
- ***Services YTD variance of \$7,271,199:*** The favorable variance is due to unspent contingency funds.
- ***Capital Outlay YTD variance of \$7,550,492:*** The favorable variance is primarily due to delayed expenditures for vehicle replacement and major maintenance. It is not expected that these savings will be recurring; as the vehicles scheduled for replacement will eventually be purchased and many major maintenance projects currently in design will progress beyond the design phase (this phase requires much lower expenditures than construction phases). There will be a significant increase in expenditures as the fiscal year continues.

Departmental Variances

All departmental expenditure budget variances are favorable at the present time.

To ensure effective management of budgeted funds, OMB continues to work with departmental liaisons to rectify negative variances. In a collaborative effort, the Department of Finance continues to provide accurate and timely financial information to support management decisions.

Please review and let me know if you have any questions that we can address.

Cc: Sandi Wilson
Assistant County Managers
Shelby Scharbach
DOF Finance Managers
OMB Deputy Directors
OMB Budget Supervisors



General Fund

Executive Summary

As of March 31, 2008

Revenues	Revised FY Budget	YTD Budget	YTD Actual	Variance
Property Taxes	425,284,450	277,468,638	272,962,543	(4,506,095)
Vehicle License Taxes	143,247,168	107,471,791	106,422,732	(1,049,059)
Sales Taxes	497,453,141	369,198,107	349,769,281	(19,428,826)
Intergovernmental	12,359,263	5,157,238	5,675,028	517,790
Interest	12,000,000	4,945,569	17,977,964	13,032,395
Miscellaneous	82,384,877	60,695,825	62,236,294	1,540,469
Transfers In	6,862,467	5,134,827	5,152,857	18,030
Total Revenues	1,179,591,366	830,071,995	820,196,699	(9,875,296)
Expenditures				
Personnel Services	489,261,620	365,391,097	354,535,413	10,855,684
Supplies	31,277,695	10,804,206	9,526,279	1,277,927
Services	337,199,681	128,160,427	98,332,962	29,827,465
Intergovernmental Payments	223,056,973	167,379,841	164,120,198	3,259,643
Debt Service	13,777,818	10,185,188	6,352,513	3,832,675
Capital Outlay	22,000,476	15,359,084	7,862,219	7,496,865
Transfers Out	217,189,228	167,514,846	167,495,232	19,614
Total Expenditures	1,333,763,491	864,794,689	808,224,816	56,569,873
Excess (Deficiency) of Revenues Over Expenditures	(154,172,125)	(34,722,694)	11,971,883	46,694,577
Beginning Fund Balance	414,158,357	414,158,357	445,090,202 ⁽¹⁾	30,931,845
Revenues	1,179,591,366	830,071,995	820,196,699	(9,875,296)
Expenditures	1,333,763,491	864,794,689	808,224,816	56,569,873
Fund Balance with Designations	259,986,232	379,435,663	457,062,085	77,626,422
Fund Balance Designations (2)	249,543,563	249,543,563	249,543,563	-
Undesignated Ending Fund Balance	10,442,669	129,892,100	207,518,522	77,626,422

1. Unaudited Beginning Fund Balance

2. Fund Balance Designations:

Budget Stabilization:

Cash Flow/Property Tax 54,000,000

Reserve 157,809,663

Benefits Self-Funding Reserve 34,300,000

Sheriff Court Remodel 3,433,900

Total: **249,543,563**

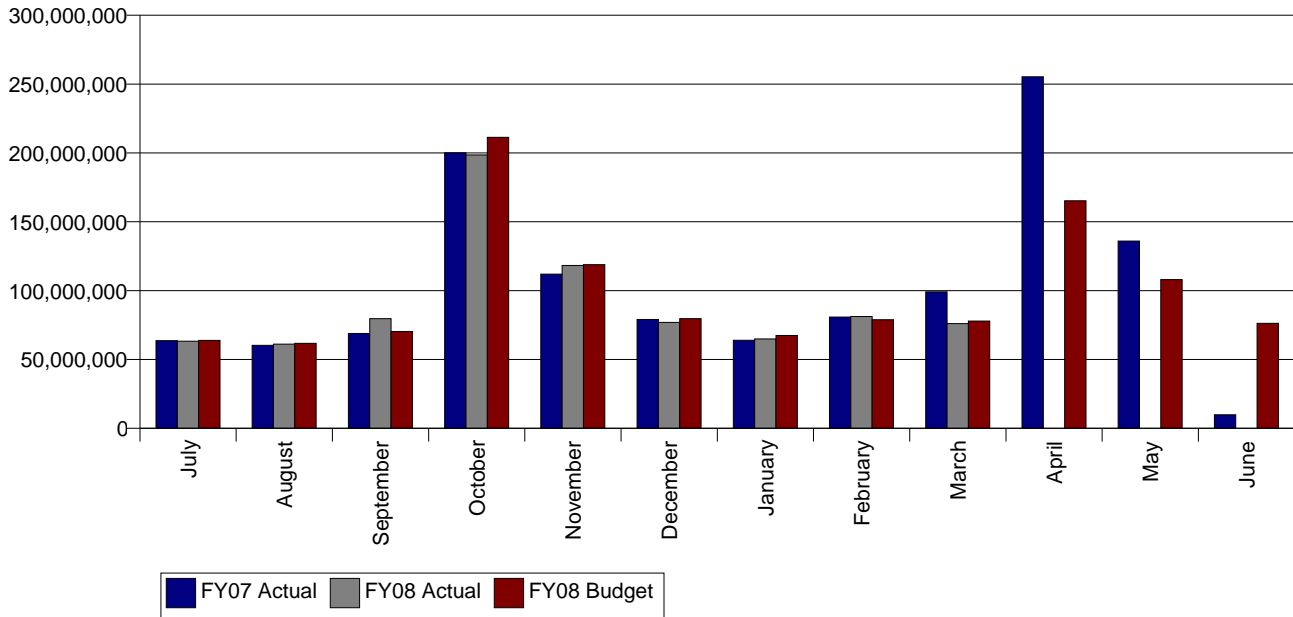


General Fund

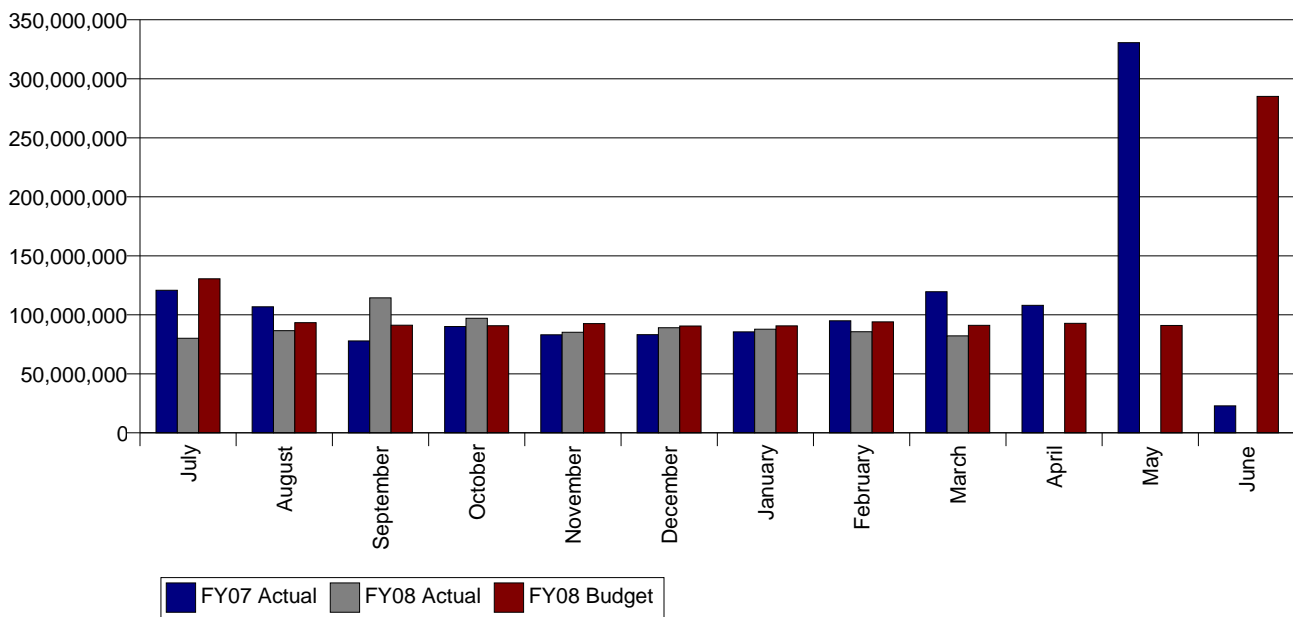
Executive Summary

As of March 31, 2008

Revenues



Expenditures





General Fund

Expenditures Summary

As of March 31, 2008

Expenditures (450, 470, 480)	Revised FY Budget	YTD Budget	YTD Actual	Variance
Personnel Services	8,877,311	4,219,222	4,338,451	(119,229)
Supplies	17,112,507	207,448	385,367	(177,919)
Services	277,249,185	83,810,152	48,937,871	34,872,281
Intergovernmental Payments	222,368,025	166,861,260	164,040,753	2,820,507
Debt Service	4,616,521	3,462,411	1,473,283	1,989,128
Capital Outlay	21,744,799	15,102,301	7,903,246	7,199,055
Transfers Out	217,077,777	167,431,256	167,431,255	1
Total Uses GF (450, 470, 480)	769,046,125	441,094,050	394,510,226	46,583,824
Expenditures Excluding (450, 470, 480)				
Personnel Services	480,384,309	361,171,875	350,196,962	10,974,913
Supplies	14,165,188	10,596,758	9,140,912	1,455,846
Services	59,950,496	44,350,275	49,395,091	(5,044,816)
Intergovernmental Payments	688,948	518,581	79,445	439,136
Debt Service	9,161,297	6,722,777	4,879,230	1,843,547
Capital Outlay	255,677	256,783	(41,027)	297,810
Transfers Out	111,451	83,590	63,977	19,613
Total GF Expenditures Excluding 450, 470, 480	564,717,366	423,700,639	413,714,590	9,986,049
Total General Fund (Uses)	1,333,763,491	864,794,689	808,224,816	56,569,873



General Fund

Category Detailed by Agency

As of March 31, 2008

General Government	Revised Budget	YTD Budget	YTD Actual	Variance	% of Variance
ASSESSOR	25,477,383	19,143,797	18,238,319	905,478	4.73 %
BOARD OF SUPERVISORS CLERK	783,071	597,819	539,598	58,221	9.74 %
BOARD OF SUPERVISORS DIST 1	389,161	294,413	272,526	21,887	7.43 %
BOARD OF SUPERVISORS DIST 2	389,161	291,457	269,611	21,846	7.50 %
BOARD OF SUPERVISORS DIST 3	389,161	293,808	249,920	43,888	14.94 %
BOARD OF SUPERVISORS DIST 4	389,161	284,150	242,011	42,139	14.83 %
BOARD OF SUPERVISORS DIST 5	389,161	290,324	276,360	13,964	4.81 %
COUNTY CALL CENTER	1,763,208	1,345,292	1,305,945	39,347	2.92 %
COUNTY MANAGERS OFFICE	2,300,030	1,730,331	1,638,828	91,503	5.29 %
ELECTIONS	12,135,604	9,829,194	10,737,023	(907,829)	-9.24 %
ENTERPRISE TECHNOLOGY	10,592,666	7,975,267	7,277,264	698,003	8.75 %
FACILITIES MANAGEMENT	14,177,995	10,724,091	10,096,775	627,316	5.85 %
FINANCE	4,091,497	3,105,957	2,966,387	139,570	4.49 %
INTERNAL AUDIT	1,994,398	1,396,081	1,379,075	17,006	1.22 %
MANAGEMENT & BUDGET	3,087,661	2,329,633	1,984,551	345,082	14.81 %
MATERIALS MANAGEMENT	2,123,861	1,592,245	1,526,709	65,536	4.12 %
RECORDER	2,626,351	1,958,365	1,793,578	164,787	8.41 %
RESEARCH & REPORTING	444,441	309,739	299,799	9,940	3.21 %
TREASURER	5,172,199	3,895,028	3,564,625	330,403	8.48 %
WORKFORCE MGMT & DEVELOPMENT	1,247,994	976,885	959,022	17,863	1.83 %
Subtotal	89,964,164	68,363,876	65,617,926	2,745,950	4.02 %
Public Safety	Revised Budget	YTD Budget	YTD Actual	Variance	% of Variance
ADULT PROBATION	66,151,242	49,715,395	49,316,897	398,498	0.80 %
CLERK OF SUPERIOR COURT	34,052,040	25,715,456	25,186,873	528,583	2.06 %
CONSTABLES	2,434,957	1,824,682	1,728,290	96,392	5.28 %
CORRECTIONAL HEALTH	4,076,942	3,102,325	2,802,795	299,530	9.66 %
COUNTY ATTORNEY	72,397,991	54,437,175	53,458,903	978,272	1.80 %
EMERGENCY MANAGEMENT SVCS	268,636	201,497	191,266	10,231	5.08 %
JUSTICE SYSTEM PLANNING INFO	846,536	634,909	432,060	202,849	31.95 %
JUVENILE PROBATION	21,190,397	15,953,742	16,225,906	(272,164)	-1.71 %
LEGAL DEFENDER	9,799,432	7,294,797	6,931,447	363,350	4.98 %
MEDICAL EXAMINER	8,083,502	6,078,971	5,829,127	249,844	4.11 %
OFFICE CONTRACT COUNSEL	17,247,643	11,394,265	15,092,602	(3,698,337)	-32.46 %
OFFICE OF LEGAL ADVOCATE	8,694,685	6,450,308	6,058,324	391,984	6.08 %
PUBLIC DEFENDER	40,974,306	30,744,380	30,569,159	175,221	0.57 %
PUBLIC FIDUCIARY	2,813,379	2,108,066	1,997,090	110,976	5.26 %
SHERIFF	72,179,544	54,516,824	52,834,909	1,681,915	3.09 %
TRIAL COURTS	86,285,203	64,930,956	63,875,532	1,055,424	1.63 %
Subtotal	447,496,435	335,103,748	332,531,180	2,572,568	0.77 %
Health, Welfare and Sanitation	Revised Budget	YTD Budget	YTD Actual	Variance	% of Variance
ANIMAL CONTROL SERVICES	360,115	270,419	267,662	2,757	1.02 %
ENVIRONMENTAL SERVICES	7,059,208	5,073,268	2,718,395	2,354,873	46.42 %
HUMAN SERVICES	2,702,378	2,026,787	1,242,213	784,574	38.71 %
PUBLIC HEALTH	12,921,147	9,714,822	8,311,740	1,403,082	14.44 %
Subtotal	23,042,848	17,085,296	12,540,010	4,545,286	26.60 %
Culture and Recreation	Revised Budget	YTD Budget	YTD Actual	Variance	% of Variance
PARKS & RECREATION	1,764,191	1,307,324	1,285,761	21,563	1.65 %
Subtotal	1,764,191	1,307,324	1,285,761	21,563	1.65 %
Education	Revised Budget	YTD Budget	YTD Actual	Variance	% of Variance
SUPERINTENDENT OF SCHOOLS	2,449,728	1,840,395	1,739,713	100,682	5.47 %
Subtotal	2,449,728	1,840,395	1,739,713	100,682	5.47 %
Other Gov Fund	Revised Budget	YTD Budget	YTD Actual	Variance	% of Variance
GENERAL GOVERNMENT	247,044,718	184,020,904	174,653,932	9,366,972	5.09 %
GEN GOV APPROPRIATED FND BALANCE	163,939,156	68,269,065	49,700,413	18,568,652	27.20 %
NON-DEPARTMENTAL	358,062,251	188,804,081	170,155,881	18,648,200	9.88 %
Subtotal	769,046,125	441,094,050	394,510,226	46,583,824	10.56 %
Total Expenditures	1,333,763,491	864,794,689	808,224,816	56,569,873	6.54 %



Detention Fund

Executive Summary

As of March 31, 2008

Revenues

	Revised FY Budget	YTD Budget	YTD Actual	Variance
Sales Taxes	149,823,673	111,856,965	106,205,915	(5,651,050)
Interest	3,000,000	2,250,000	6,335,889	4,085,889
Miscellaneous	28,548,509	21,411,386	26,414,401	5,003,015
Transfers In	165,933,494	124,450,121	124,450,121	-
Total Revenues	347,305,676	259,968,472	263,406,326	3,437,854

Expenditures

Personnel Services	234,966,063	174,928,603	171,179,603	3,749,000
Supplies	14,129,562	10,773,944	10,901,742	(127,798)
Services	113,705,826	46,326,899	39,055,700	7,271,199
Debt Service	1,907,618	1,430,729	1,157,195	273,534
Capital Outlay	16,665,905	12,584,152	5,033,660	7,550,492
Transfers Out	32,112,796	32,112,796	32,112,796	-
Total Expenditures	413,487,770	278,157,123	259,440,696	18,716,427

Excess (Deficiency) of Revenues Over Expenditures

	(66,182,094)	(18,188,651)	(6,779,006)	11,409,645
Beginning Fund Balance	145,551,542	145,551,542	146,163,844 ⁽¹⁾	612,302
Revenues	347,305,676	259,968,472	263,406,326	3,437,854
Expenditures	413,487,770	278,157,123	259,440,696	18,716,427
Fund Balance with Designations	79,369,448	127,362,891	150,129,474	22,766,583
Fund Balance Designations (2)	75,000,000	75,000,000	75,000,000	-
Undesignated Ending Fund Balance	4,369,448	52,362,891	75,129,474	22,766,583

1. Unaudited Beginning Fund Balance

2. Fund Balance Designations:

Future Capital Projects	75,000,000
Total:	75,000,000

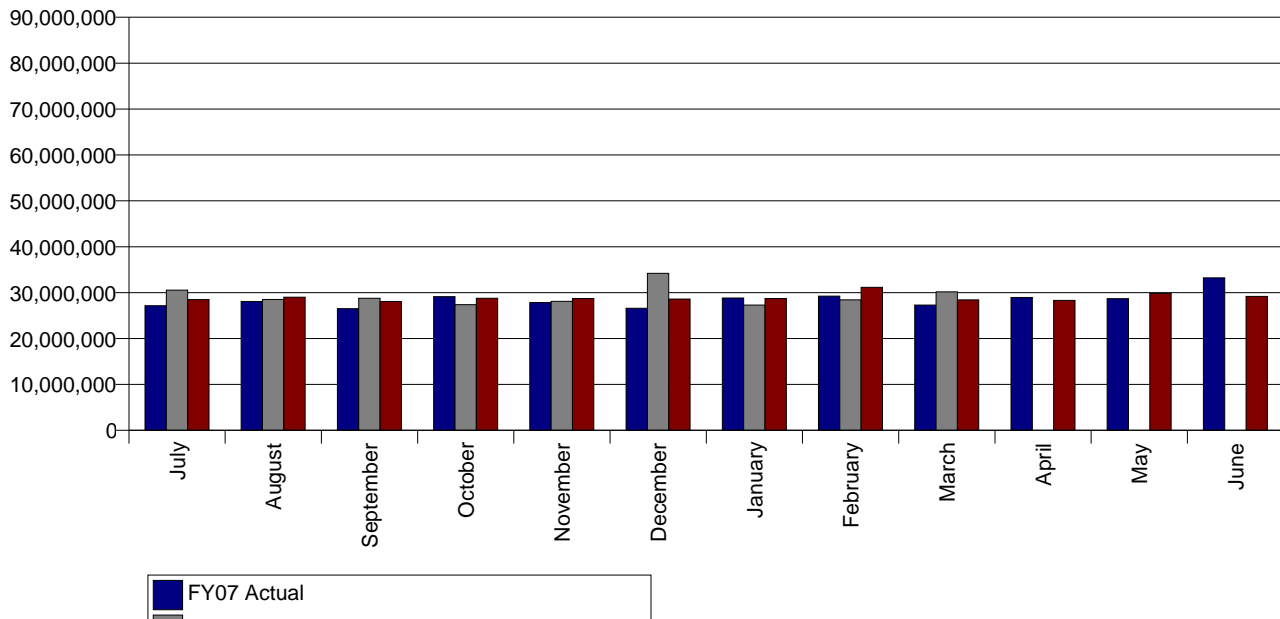


Detention Fund

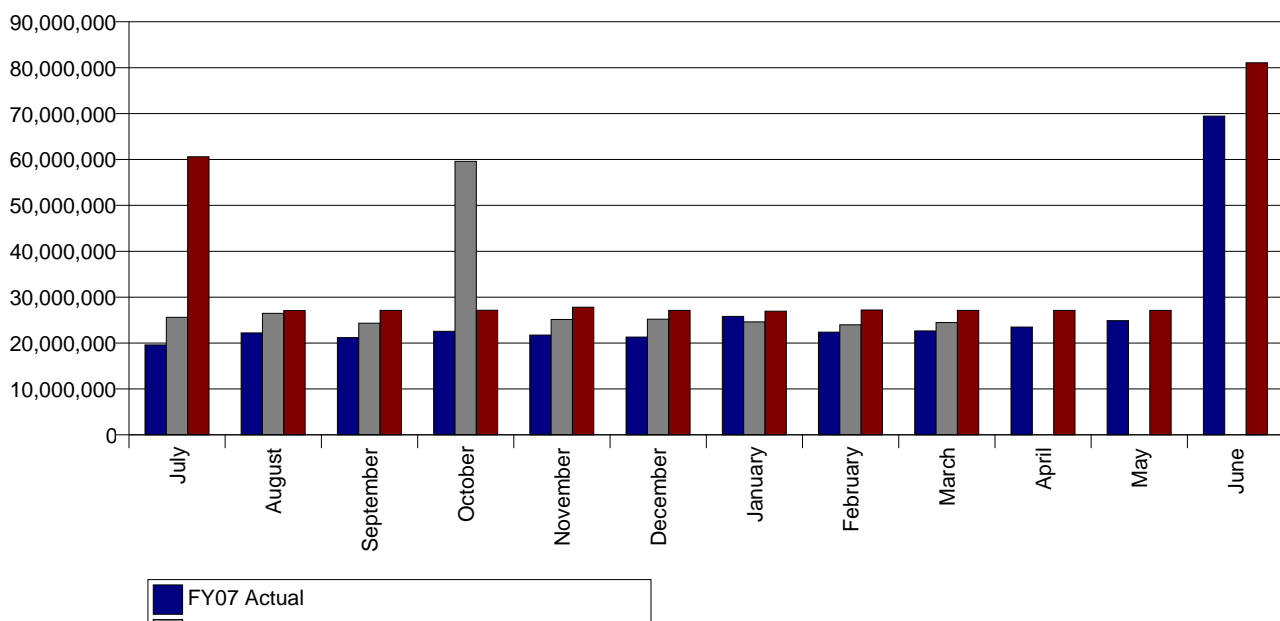
Executive Summary

As of March 31, 2008

Revenues



Expenditures





Detention Fund
Category Detailed by Agency
As of March 31, 2008

Revenues

Agency	Revised Budget	YTD Budget	YTD Actual	Variance	% of Variance
262 - CORRECT'L HLTH DETENTION FUND	6,500	4,877	2,386	(2,491)	51.08%
472 - NON-DEPT-DETENTION FUND	318,757,167	238,557,086	237,006,552	(1,550,534)	0.65%
482 - GEN GOV DETENTION FUND	1,946,762	1,460,072	2,926,154	1,466,082	(100.41)%
507 - SHERIFF DETENTION FUND	26,595,247	19,946,437	23,471,234	3,524,797	(17.67)%
	347,305,676	259,968,472	263,406,326	3,437,854	1.32%

Expenditures

Agency	Revised Budget	YTD Budget	YTD Actual	Variance	% of Variance
262 - CORRECT'L HLTH DETENTION FUND	48,802,468	36,784,210	35,906,345	877,865	2.39%
276 - JUV PROBTN DETENTION FUND	36,391,339	27,298,197	26,812,228	485,969	1.78%
420 - JUSTICE SYSTEM PLANNING INFO	1,913,044	1,500,424	1,141,476	358,948	23.92%
472 - NON-DEPT-DETENTION FUND	58,067,048	19,495,065	11,414,093	8,080,972	41.45%
482 - GEN GOV DETENTION FUND	68,128,856	42,643,292	36,916,190	5,727,102	13.43%
507 - SHERIFF DETENTION FUND	196,978,781	148,010,598	145,245,881	2,764,717	1.87%
701 - DETENTION OPERATIONS	3,206,234	2,425,337	2,004,483	420,854	17.35%
	413,487,770	278,157,123	259,440,696	18,716,427	6.73%